

**New Jersey Public Broadcasting Authority
Finance Committee Meeting
December 3, 2009 11:00 AM
NJN Studio Trenton**

MINUTES

The NJPBA Finance Committee Meeting was held on December 3, 2009 at 11:00 a.m. at the NJN Trenton Studio and via conference call. Those participating were Stephanie Hoopes Halpin, NJPBA Commissioner, Chair Finance Committee; Andrea Cummis, NJPBA Commissioner (via phone); Kent Manahan, NJPBA Commissioner; Howard Blumenthal, Interim Executive Director; Robert Smartt, Ethics Liaison Office, Department of the Treasury, NJPBA Commissioner; Kavin Mistry, Deputy Attorney General; Janice Selinger, NJPBA Acting Chief Operating Officer; Sam Braun NJPBA Controller; and Beatrice Jones, NJPBA Financial Manager.

Also present were several NJPBA staff members – Judy Goetz (taking minutes), Mary Kate Maloney, Jeff Hamer, Nicole Gee, Steven Datkowitz and Jill Kopen.

Stephanie Hoopes Halpin, Chair, called the meeting to order.

I. Approval of Minutes – July 23, 2009 Meeting.

Robert Smartt made a motion to approve the minutes of the July 23, 2009 meeting. Kent Manahan seconded the motion. The minutes were approved unanimously by members of the Finance Committee.

II. Financial Report – FY 2010 to Date

Ms. Jones reviewed the Finance Report distributed to the board.

She referenced that the State asked for the furlough day savings to be transferred upfront. This is noted in Column J of the Finance Report.

Ms. Hoopes Halpin asked if we were owed \$12 million dollars. Ms. Jones stated that the Corporation for Public Broadcasting (“CPB”) grant monies usually comes in November and March. The Authority is also owed \$115,000 from WNET. WNET has approval to pay this but amount to the Authority, but the Authority has not yet received this payment. The NJN Foundation provides funding to the Authority at intervals throughout the year. Ms. Jones stated that \$3 million listed in Lease of Transmitter Tower Space is part of the monies not yet received by the Authority.

Ms. Hoopes Halpin asked about the Authority’s cash flow. Mr. Blumenthal stated that the Authority is already spending \$3 million budgeted, but not yet received. Mr.

Blumenthal stated that if for some reason, this money is not received by the Authority, the Authority will have a very serious fiscal problem in April 2010. Authority staff is working on the assumption that that money will be received.

Ms. Hoopes Halpin asked if the Authority should be implementing more cuts. Mr. Blumenthal stated that more cuts would only buy the authority a little more time but the fiscal problem would still exist in a very serious way. Next year, the Authority will have approximately \$2 to 4 million dollars less in revenue than this fiscal year, which will require a major restructuring of the Authority.

Ms. Hoopes Halpin asked what steps are needed to be taken to correct this fiscal situation. Mr. Blumenthal stated that the Authority needs to put together a team to look at options and come up with a serious detailed plan. This needs to begin immediately.

Ms. Hoopes Halpin asked what steps to be taken to be sure that different constituents are represented in thinking through this process. Mr. Blumenthal stated that it is a complicated process because it involves a large amount of change in the way the Authority works, the work processes, the resources the Authority uses, the staff assignments, etc. The Authority also has to consider that it needs to hand in a proposed budget to the Governor's Office in February or March 2010 which has to be based on a proper plan.

Ms. Hoopes Halpin asked if Authority staff and constituents are aware of the fiscal situation facing the Authority. Mr. Blumenthal stated that he thinks there is a general recognition that over the past three or four years the Authority has spent more than our revenues allow and we have been able to plug that hole with Foundation support. Mr. Blumenthal stated that he thinks that many staff members know, as it has been discussed amongst staff members.

Mr. Blumenthal stated that the total amount in State appropriations has gone down over the past ten years and that the Authority expense load, particularly on the personnel side has gone up. Mr. Blumenthal stated that the State has established rules but only pays a small percentage of the personnel salary commitment that the Authority has to meet. The State is now paying about 1/3 of the cost of Authority employee salaries.

Mr. Blumenthal stated that with the current state of the economy, it is difficult for the NJN Foundation to generate additional monetary contributions. Mr. Blumenthal stated that the NJN Foundation is not seeing any significant increase in financial support in order to fill the gap for the budget in FY 2011 which the Authority is required to submit in the spring of 2010. Mr. Blumenthal stated that it is a difficult situation picture but that the Authority has time to figure these fiscal issues out and that the Authority needs to work hard in a very focused way.

Mr. Blumenthal said that everyone has to work together. Both Mr. Blumenthal and Mr. Smartt stated that Jeff Hamer has been instrumental in researching the current fiscal situation.

Mr. Blumenthal stated that the Authority did submit a preliminary FY 2011 budget. Ms. Jones reviewed the preliminary FY 2011 proposed budget. This preliminary budget assumes the \$231,000 give back from this year's \$4, 023 million appropriation from the State to become permanent in FY 2011. The \$231,000 give back requested by the State and provided by NJN in support of the State's Fiscal Year 2010 budget consists of \$81,000 that the Authority initially gave back for attrition and procurement efficiency and then an additional request for a give back of \$150,000. The CPB grant is expected to be about \$80,000 less for FY 2011. In addition, there is no revenue listed for WNET and the revenue from the Food Network agreement will be less.

The preliminary FY 2011 budget assumes merit and cost of living increases.

Mr. Blumenthal stated that this is a preliminary budget and that this budget assumes that the State appropriation will be the same.

Ms. Jones stated that the Authority pays benefits on its non-State salary account which amounts to about \$1 million. Authority staff is preparing a letter asking for a waiver for some relief from the State and staff will also be asking the State for relief on the amount for in-kind services.

Ms. Hoopes Halpin asked a motion to move into Executive Session. Mr. Smartt made the motion. Ms. Cummis seconded the motion. Motion was voted on and approved unanimously.

The members of the Finance Committee exited executive session. Ms. Hoopes Halpin asked for a motion to adjourn the meeting. Mr. Smartt made the motion. Ms. Hoopes Halpin seconded the motion. The motion was voted on and approved unanimously.

The Finance Committee meeting adjourned at 12:30 PM.

